

# Supporting *Local* <sup>\*</sup> Agriculture

Through

## The Agricultural Development Grant Program

### Program Summary 1998-2003

**\*Local agriculture is defined as any agricultural product produced by a farmer and sold direct to consumers, whether the consumer is in Maine or out of Maine, so that the farmer captures all of the market value.**

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## Introduction

The Maine Department of Agriculture has supported **Local agriculture (also termed Direct Marketing)** since the beginnings of the Department in the late 1880's. In the recent past, a major reorganization of the Department in the early 1980's, by the then Commissioner Stewart Smith, created three development divisions, two of which were devoted to supporting locally produced food. Three grant programs were developed, a promotion matching grant program, a market research grant program, and a new technology demonstration grant program. These three programs, along with staff support for farmers markets and pick your own organizations provided over \$120,000 per year in support for *Local* agriculture.

In the last decade, due to budget cuts and reorganizations, the Department merged many programs and realigned services. A single development division was created merging all the old development divisions. The new division focused general fund appropriations for providing promotional brochures and support for farmers markets, PYO organizations and value added food company support at trade shows.

In addition, an innovative loan program was created through a 6 million dollar bond issue, called the *Agricultural Market Loan Fund*. The loan fund supported capital investment in **Local agriculture**. In addition, the interest from the loan fund was used to support **grants** to farmers and farm organizations through the **Agricultural Development Grant Program (ADG)** to promote **market promotion, market research and new technology adoption**, much like the programs in the 1980's. This fund made available up to \$250,000 per year for grants.

The following report summarizes the projects funded through the period 1998 to 2003. The Department funded over **\$900,000** dollars in grants during that period. This report is divided into three major categories of grants:

- Market Promotion
- Market Research and Development
- Value-Added Processing

Within each category of grants, those grants that support **Local agriculture** have been highlighted.

# Market Promotion

## ***Farmers Markets***

**Farmers Markets** make up a unique niche of *Local Agriculture*. The markets are typically labor intensive operations where the farmers must develop fresh produce and meats on a regular basis and find ideal locations to make direct sales convenient for customers.

**Farmers Market grants make up \$53,271 of the grants funded.** The fund supported the promotion efforts of major markets, including the **5 Eastern Maine Farmers Markets, Bath and the Rockland/Camden Farmers markets**. In addition, the fund was instrumental in funding **development of four new markets, the Unity Barnraisers, Isleboro, Belfast, and Maine Mall Farmers Markets.**

The market grants supported organizational development, customer surveys, development of promotional brochures, media buys and special promotional events to encourage local customers to visit the market.

All the markets deemed the grant funds to be critical to the success of building the markets and increasing the number of farmers attending the markets.

## ***Farm Stand and PYO Promotions***

**Farm stands and Pick Your Own (PYO)** operations are the mainstay of what one thinks of when describing *Local agriculture*. The state boasts over 400 operations providing fresh food through these outlets. Farmers find this method of direct marketing to provide the best return on investment. The Department supports these operations with general funds and market order funds for media buys, free media press releases, maintenance of databases used in web promotion and brochure development.

**The ADG has funded 9 major grants totaling over \$78,210** for these *Local agriculture* projects. Included were funds to: The Maine Vegetable and Small Fruit Growers Association (MVSFG), Maine Christmas Tree Growers Association, MOFGA, Kennebec SWCD, Mountain Counties Heritage, Inc., Coastal Enterprises, the Dresden Growers Association, Central Maine Greenhouse Growers, State of Maine Cheese Company,

The market grants supported MVSFG in developing **a first ever strawberry and sweet corn promotional days**, in cooperation with the Portland Farmers' Market. The events included media buys and press releases, promotional brochures, and fresh strawberries delivered to all the major television stations. Television stations supported the days with **on site TV coverage of PYO operations** and interviews with farmers.

**The Christmas Tree growers developed a website** so that the media could go to one place to find information on where to go to cut trees and find stands to buy trees and wreaths. The association was working on developing a direct purchase program over the web.

A number of grants focused on **development of maps and special area road signage** to direct customers to the farm location. MOFGA used their funds to develop a map and brochure of all the locations of MOFGA farmers throughout the state. The

map/brochure encouraged the use of organic foods as well. Kennebec County SWCD developed a map of all direct farmers in the County, distributing over 3000 maps to area businesses and tourist information centers. Coastal Enterprises and Mountain Counties Heritage did the same for their area farmers in Lincoln and Franklin, Somerset and Piscataquis Counties. Those brochures also developed profiles of individual farmers as part of the promotional piece.

Groups of farmers got together to promote their areas. The Central Maine Greenhouse growers developed a **matching grant program to assist area farms in doing individual ad buys in local newspapers**. State of Maine Cheese company set up a special storefront on Route one in Rockport and consigned farmers to sell their products out of the storefront. The Dresden Farmers got even more creative and developed a **“Agricultural Corridor” promoting the local farms along the Kennebec River with special colorful road signage** and a brochure, along with special press releases throughout the season highlighting the area farmers. Nancy McGinnis, an area reporter, also was funded to do weekly **news articles for a local paper**, highlighting farmers and farmers markets throughout the season.

All these promotional grants helped increase consumer awareness of the availability of local foods and increased customer traffic at local farmstands. These grants helped establish annual events for local produce, and sparked the development of additional annual events for other commodities.

### ***Direct Marketing of Potatoes to Boston Markets***

The **ADG program invested \$17,000 to the Crown of Maine Cooperative of Farmers to direct market their potatoes to wholesale markets** in the Boston Area.

The Potato Farmers in the County wanted to cut out the middleman in the quest to keep some of the declining fresh market for potatoes. This would require a monumental effort for the farmers to find and develop their own markets and methods of distribution.

The grant assisted in **developing branded packaging materials** for the farmers, including potato bag designs, promotional tags, and promotional materials for the supermarkets.

### ***Direct Marketing Pork, Deer and Beef Products***

The **ADG program has invested \$75,661 in a number of promotional activities to support the Beef, Deer and Elk and Pork Producers Associations**.

Each of these farm groups have been processing and selling various value-added products through farmers markets, direct to consumer sales, and other wholesale outlets. Each group needed to increase promotion of the products so that local consumers will know where to purchase these Maine grown products.

The grant **provided funds for promotional videos, brochures, support of the Maine Beef Expo**, market outlet identification and promotion, and direct sales to wholesale outlets.

### ***Promoting Maine Grown Seed***

**The ADG program invested \$5,000 to the Maine Seed Saving Network to promote local seed companies.**

Maine grown vegetable seeds are not well promoted in the state. Markets are strong in certain gardening circles, but more work needed to be done.

The grant provided funds **for special news stories** about various seed products and growers in Maine. The stories were promoted by various newspapers throughout the state.

### ***Promoting Maine grown perennials***

**The ADG program invested \$4,900 to the University of Maine to support the promotion of local nursery and greenhouse operations producing native plants.**

The nursery industry is looking for ways to compete against the influx of competition from out of state and Canadian growers. One strategy was to promote the sale of native grown perennials.

The grant **funded a brochure describing all the nurseries** in the state that produce **and sell native species** of plants. The brochure got wide distribution to garden centers as well as Extension and SWCD offices.

## Market Research and Development

The ADG program funded five major efforts to help producers research and develop new markets for typical commodity products; apples, potatoes, beef and a new specialty wholesale niche outlet with organic food.

### ***Redefining the McIntosh Market***

**The ADG program invested \$51,000 with the Maine State Pomological Society to develop a new marketing strategy for the Maine McIntosh apple**, the mainstay of the apple industry.

The Maine McIntosh apple wholesale apple market had been in trouble since the early 1990's with increasing competition from Washington, California and New Zealand, all of which were developing apple varieties that would compete with McIntosh during the winter months.

The MSPS **conducted consumer focus groups and grower surveys** to understand when McIntosh apples are wanted, what kind of advertising and signage would attract consumers, and what market outlets would be best.

The results led to the **development of a new branding program for McIntosh** including a new logo for the Maine McIntosh. New promotional programs supported increased sales of McIntosh at farmstands in the fall months, when consumers said they purchase McIntosh. New brochures and maps were developed for tourist information booths, and a new, special apple promotion day "Great Apple Day" in October, was created to push McIntosh sales to the public.

### ***Naturally Grown Beef – New Market Increases Overall Production***

The ADG program invested **\$42,651 in support of market research on selling naturally raised beef products**. Wolfe's Neck Farm identified a possible market niche for naturally raised beef, but needed to conduct research on how best to grow, process, package and distribute the new product. The goal was to increase market share substantially so that beef farmers throughout the state would benefit.

The grant funded research into what types of products would sell, and what type of packaging would be required. In addition, the grant funded a major effort to get the beef products into Hannaford stores. The promotion effort included advertising and promotional programs.

The grant was instrumental in helping Wolfe's Neck in establishing the brand, getting into Hannafords, and increasing the size of the feedlot sales throughout the state.

### ***Marketing Organic Foods Direct From Farm to Restaurant***

The ADG program invested \$16,000 to the Maine Organic Farmers and Gardener's Association to conduct market research on what fresh organic produce and service was required by restaurants throughout the Coastal area.

The grant funded a major research study including survey, phone and on site interviews. The report was summarized and provided to organic farmers who wished to enter that market

The study resulted in increased awareness of restaurant chefs in what produce was available, changed the way farmers approached local restaurants, and increased sales to those restaurants interested in organic produce.

### ***Direct Marketing Soybeans and Canola to Canadian food processors***

The ADG program invested \$13,000 to the Agricultural Bargaining Council to help potato producers diversify into soybean and canola food crops.

Maine potato farmers were becoming too dependent on a declining fresh market and lack of processing markets. New crop development efforts had been ongoing for many years with research into soybeans, canola, flax, broccoli and other root crops.

The grant provided Vern DeLong of ABC funds to conduct market research, conduct sales efforts to Canada, and to educate farmers on the opportunities to grow and sell soybeans and canola.

The project has developed into a major market outlet for a number of farmers in the County. Thousands of acres of soybeans are grown for the fresh market in Japan, and canola is produced for healthy oil production for the health food market.



## Value-Added Processing

*Local agriculture* includes the adding value to raw product and selling that product directly to consumers or to other wholesale outlets. In this context, farmers own and control the processing and distribution functions of the business.

### ***Capturing Value Added with Potatoes***

The ADG program invested \$50,000 in Naturally Potatoes, a potato processing firm started by farmers, for farmers to **develop value-added fresh potatoes for sale in supermarkets.**

The fresh potato industry identified a new consumer trend requiring potatoes to be pre-processed into easily prepared, cook portions using new cryovac preservation techniques. Maine farmers wanted to take back control of their processing market by starting their own business. This new business would help a number of area farmers in the Mars Hill area stay competitive and profitable in the fresh market, if they could tap into this new trend.

The grant help this firm **conduct some market research on potential outlets.** This included research on packaging requirements, distribution, and advertising. The funds were critical to help the fledging company in developing what now is a stable business.

### ***Sheep to Wool Blankets – An All Maine Product***

The ADG program invested \$14,500 to a company in Maine that was developing a special **all Maine wool produced blanket.**

The Maine Sheep Producers Association developed a strategic plan that called for development of products from their pooled fiber. At that time the wool pool was selling to the wholesale market at below production costs. The only way to increase the returns to farmers was to develop a value-added product that would sell in the high end markets. AN entrepreneurial company was needed to develop and promote the product.

The Maine Blanket Company, developed by Nanny Kennedy, **conducted research to find a processing company, develop a blanket design, and develop promotional materials.** The funds assisted in that effort.

The grant increased the income to producers as The Maine Blanket Company purchased the wool pool for a number of years at above wholesale prices.

### ***Maine Specialty Foods Produced and Promoted By Maine Farms***

The ADG invested \$22,995 to assist the University of Maine **in evaluating the Maine Specialty Food Producers promotion efforts using web based technology.**

The Maine Specialty Food Producers Association involves a number of farmers who are developing their own products for sale. They need access to direct and wholesale markets to make the investments profitable.

The ADG funded an evaluation of websites and how effective they are as promotional tools. In addition, the University assisted producers in website design.

In addition, **ADG invested \$36,429** to the Maine Specialty Food Producers Association to conduct an industry wide survey of producer needs as well as promote products at the New England Products Trade Show. These funds helped to leverage Federal FSMIP funds as well.

### ***Maine Wheat Producers Supported by Bread Promotion***

**The ADG program invested \$40,000 for the promotion of Maine grown wheat products through Borealis Breads.**

Maine potato producers were looking to grow new crops to diversity. Maine bread makers were looking to purchase Maine grown grains. The two created a strategic partnership to produce, process and promote an all Maine bread product.

The grant funded a **promotional campaign** through the Portland Public Market and Hannaford stores to highlight the Maine farmers who are producing the wheat for Borealis breads. The promotional items included a **creative postcard (baseball card) with pictures of farmers** and a description of their farm. A card was inserted into each loaf of bread sold. In addition, a **TV monitor** was positioned at each processing/sales location which showed **videos of the actual growing** and harvesting of the wheat.

### ***Maine Fiber Producers Benefit from Fiber Art Promotions***

**The ADG invested \$19,000 to the Maine Fiber Arts Association.** This grant helped establish a new organization whose purpose is to promote the sale of fiber products.

Fiber producers have production organizations but no organization that helps promote the products of the fiber.

The grant funded **organizational development** and a major promotion event in Portland. The organization has been helpful in **supporting and sponsoring other fiber events** as well.

### ***Value Adding by Dehydrating***

**The ADG invested \$60,000 in two grants to two individual companies who will be developing dehydration facilities** in Central and Southern Maine.

Maine use to dehydrate apples for storage in the late 1880's. In addition, many fruits and vegetables are now dehydrated and sold as specialty food items.

These projects are just underway, but are expected to develop drying facilities that can be used by area farmers for value adding apples, coffee products and mushrooms.